

Message Text

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ORIGIN EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-11 NSAE-00 PA-04

RSC-01 PRS-01 SP-03 USIE-00 INRE-00 NSCE-00 SSO-00

AEC-11 AID-20 CEA-02 CIEP-03 COME-00 EB-11 FPC-01

H-03 INT-08 L-03 NSC-07 OMB-01 PM-07 SAM-01 SCI-06

SS-20 STR-08 TRSE-00 FRB-03 FEA-02 /163 R

DRAFTED BY EUR/CAN:DCHOLTON:MGH

APPROVED BY EUR/CAN:EMBROWN

EB/FSE:LRAICHT

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O 202026Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA IMMEDIATE

C O N F I D E N T I A L STATE 207999

E.O. 11652: GDS

TAGS: CA, ENRG

SUBJECT: NATURAL GAS EXPORT POLICY

1. ON SEPTEMBER 19 CANADIAN EMBASSY GAVE US ADVANCE NOTICE OF CABINET DECISION TO RAISE EXPORT PRICE OF NATURAL GAS TO \$1 PER THOUSAND CUBIC FEET EFFECTIVE NOVEMBER 1, 1974, FROM BRITISH COLUMBIA, AND JANUARY 1, 1975, FROM REST OF CANADA. FURTHER INCREASES WILL BE PHASED IN UNTIL PRICE IS EQUIVALENT TO COST OF ALTERNATIVE ENERGY SUPPLIES. IMPORTERS CAN CHOOSE TO CONTINUE PURCHASES AT CURRENT PRICES AND VOLUMES BUT THEIR CONTRACTS WILL BE TERMINATED AFTER TWO YEARS IF THEY DO SO. ANNOUNCEMENT OF CANADIAN POLICY ON PRICING FOR DOMESTIC MARKET EXPECTED SOON.

2. DEPARTMENT'S RESPONSE (BY DEPUTY ASST SECRETARY KATZ) WAS POLICY DISCRIMATES AGAINST U.S. AND--UNTIL DOMESTIC
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PRICES RAISED TO EXPORT LEVEL--WILL SUBSIDIZE CANADIAN

CONSUMERS AND DISTORT TRADE. CANADA'S EXAMPLE WILL
AFFECT U.S. POLICY ON NATURAL RESOURCES EXPORTS TO CANADA.

3. EMBASSY REGRETTED SUPPLY SITUATION IN BRITISH COLUMBIA
AND NOTED PROVINCE IS FINAL AUTHORITY OVER ITS SUPPLY.
GOC HOPES ADDITIONAL INCOME FROM EXPORTS WILL ENABLE BC
TO OBTAIN NEW SUPPLIES TO MEET REQUIREMENTS OF ITS U.S.
CUSTOMERS.

4. MEMCON POUCHED. KISSINGER

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Message Attributes

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30 JUN 2005

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